



# AWEEC

Army Worldwide Environmental & Energy  
Conference 2000

Procuring Competitive Electric  
Generation Services



- Unregulated Subsidiary of Allegheny Energy, Inc.
  - Allegheny Energy, Inc. Parent of Allegheny Power (former Potomac Edison, Monongahela Power, West Penn Power)
- Allegheny Energy Supply Owns Generation
  - 6600+ MW Existing
- Growing our Generation - New or Acquisition
  - 1080 MW Generating Station in Arizona
  - 1710 MW Enron Acquisition
  - 850 MW New Combustion Turbines
  - Re-newables
    - 2 Biomass projects



- Licensed in PA, NJ, DE, MD, NY, VA & OH
- Active in competitive retail markets since 1997
- One of the leading electric generation suppliers to all types of customers
- 100,000 + customers in PA, NJ, DE & MD, OH

# What do you need to buy?

- Energy
- Capacity
- Transmission
- Ancillary services
- Taxes

**Make sure you know what's included!!**



# Essential Information

- Get load information from EDC - ask now!!!
  - At minimum, 12 months of monthly billing determinants
    - Energy (kWh)
    - Demand (kW)
  - Larger accounts
    - Interval load data (15 min, 30 min. or 1 hr)
    - Peak Load Share (Capacity Obligation)
- Rate schedule
- Meter reading dates
- Voltage level
- Special conditions - curtailable load, etc.
- Price to compare - yours, not the class average!

# Types of Products

## (It's all about Risk)

- Fixed Prices
  - Energy Only (\$/kWh) - all year, seasonal, TOU
  - Energy(\$/kWh) and Demand(\$/kW) - all year, seasonal, TOU
    - Match tariff structure
- PJM Based Pricing (Index Pricing w/ caps, collars,...)
- Fixed On-Peak Block and PJM Load Following
- Guaranteed Discount off Tariff Rate
- Other

Terms will vary to optimize market conditions

# Aggregation

## Do's

- Get commitment!
- Ask for individual prices
- Get accurate & complete information
- Empower a decision maker

## Don'ts

- Cross subsidize
- One price fits all
- Preferred supplier
- Decide by committee

# Its not just the price

- Experience
  - wholesale
  - retail - billing, EDI transactions
- Integrity
- Asset backed
- Financials
- Other services - are they important?

# Timing Your Decision

- Market is volatile!! Prices will not be held open indefinitely
- Empower the right person
- Review the contract first
- Summer prices are very high!

# DESC Procurement Process

- What I Get:
  - Complete & Accurate Data
  - Outlines Pricing Scenarios
    - Open to Alternative Pricing Options
  - Shortened Evaluation Process
    - Technical Evaluation Already Completed
    - 2 Business Day turn-around
  - Understands Deregulation
    - Multiple States - Multiple EDC's
    - Market (Price) Volatility
  - Single Point of Contact

# Final Words

- Be prepared - market conditions can change
- Understand your shopping credit (PTC)
- Understand your options if you return to EDC (utility)
- Enrollment process is important